

Shelby County Government Retirement System

Performance Evaluation

Period Ended
February 28, 2013



This investment evaluation is directed only to the client for whose account the evaluation was created. The underlying data has been obtained from sources considered to be reliable: the information is believed to be accurate but there is no assurance that it is so. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of services supplied by any money management organization.

Consulting Services Group, LLC does not provide tax advice to clients. All investors with tax considerations, including the effect of UBTI resulting from alternative investment strategies, are strongly urged to consult their tax advisors regarding tax issues.








Shelby County Retirement Defined Benefit Plan

Performance Summary Page

Ending February 28, 2013

| | 1 Mo | YTD | Fiscal YTD |
|--|--------------|-------------|--------------|
| Domestic Equity | 0.6% | 7.6% | 16.6% |
| International Equity | -2.1% | 1.9% | 14.2% |
| Fixed Income | -0.4% | -0.2% | 7.1% |
| Alternative Investments | 0.5% | 2.4% | 8.6% |
| Private Real Assets | 0.0% | 0.0% | 4.3% |
| Private Equity | 0.0% | 0.0% | 3.2% |
| Operating Cash | 0.0% | 0.0% | 0.1% |
| Total Fund | -0.2% | 3.1% | 11.4% |
| <i>Shelby County Total Fund Composite</i> | <i>0.3%</i> | <i>3.4%</i> | <i>10.3%</i> |
| Standard & Poor's 500 Index | 1.4% | 6.6% | 13.0% |
| Barclays Gov't/Credit Bond Index | 0.6% | -0.2% | 1.9% |
| Barclays Aggregate Bond Index | 0.5% | -0.2% | 1.6% |
| Barclays Government Bond Index | 0.5% | -0.3% | 0.3% |
| Barclays Intermediate Aggregate Bond Index | 0.4% | 0.0% | 1.6% |
| FRC 1000 Value Index | 1.4% | 8.0% | 16.8% |
| FRC 1000 Growth Index | 1.2% | 5.6% | 10.6% |
| FRC 3000 Value Index | 1.4% | 8.0% | 16.8% |
| FRC 2000 Small Cap Index | 1.1% | 7.4% | 15.2% |
| MSCI Emerging Markets Index | -1.3% | 0.1% | 13.9% |
| MSCI World ex-US Index | -1.0% | 3.9% | 18.1% |
| 91 Day Treasury Bill Index | 0.0% | 0.0% | 0.1% |

As Of February 28, 2013

| | Current | % |
|---|------------------------|---------------|
|  Domestic Equity | \$356,664,288 | 35.5% |
|  International Equity | \$171,686,740 | 17.1% |
|  Fixed Income | \$273,658,215 | 27.3% |
|  Alternative Investments | \$101,487,466 | 10.1% |
|  Private Real Assets | \$24,042,089 | 2.4% |
|  Private Equity | \$38,819,643 | 3.9% |
|  Operating Cash | \$37,008,965 | 3.7% |
| Total | \$1,003,367,406 | 100.0% |

Summary of Cash Flows

Ending February 28, 2013

| | Last Month | Fiscal Year-To-Date |
|-------------------------|--------------------|---------------------|
| Beginning Market Value | \$1,007,578,174.56 | \$915,987,015.89 |
| - Withdrawals | -\$42,145,456.97 | -\$162,547,730.02 |
| - Fees | -\$346,411.97 | -\$3,017,199.63 |
| + Contributions | \$40,158,850.39 | \$146,551,546.98 |
| = Net Cash Flow | -\$1,986,606.58 | -\$15,996,183.04 |
| + Net Investment Change | -\$2,224,162.11 | \$103,376,573.02 |
| = Ending Market Value | \$1,003,367,405.87 | \$1,003,367,405.87 |

Shelby County Retirement Defined Benefit Plan

Performance by Manager and Asset Class

| | Mkt. Value | % of Total MKT Value | Current Month | Calendar YTD | Fiscal YTD | Trailing 1 Year | Trailing 3 Year | Trailing 5 Year | Since Inception |
|---|------------------------|-------------------------|------------------|-----------------|---------------|--------------------|--------------------|--------------------|--------------------|
| Total Fund | \$1,003,367,406 | 100.0% | -0.2% | 3.1% | 11.4% | 9.2% | 9.4% | 3.6% | 8.4% |
| <i>Total Fund Composite Index(1)</i> | | | 0.3% | 3.4% | 10.3% | 8.6% | 9.0% | 4.0% | |
| <u>Equity Strategies</u> | | | | | | | | | |
| Southeastern | \$104,824,422 | 10.4% | 0.0% | 8.4% | 18.9% | 15.8% | 13.3% | 4.6% | 11.9% |
| <i>Russell 1000 Value Index</i> | | | 1.4% | 8.0% | 16.8% | 17.6% | 13.7% | 3.9% | 10.2% |
| NewSouth | \$47,370,758 | 4.7% | -0.2% | 6.0% | 17.9% | 10.0% | 14.4% | 8.9% | 10.3% |
| <i>Russell 3000 Value Index</i> | | | 1.4% | 8.0% | 16.8% | 17.6% | 13.7% | 4.1% | 10.4% |
| THB Small Cap | \$45,470,107 | 4.5% | 1.8% | 8.0% | 15.3% | 14.1% | 12.8% | 5.7% | 9.6% |
| <i>Russell 2000 Index</i> | | | 1.1% | 7.4% | 15.2% | 14.0% | 14.7% | 7.4% | 9.1% |
| THB Micro Cap | \$25,895,278 | 2.6% | 2.5% | 11.3% | 19.6% | 22.1% | 18.1% | 6.4% | 13.1% |
| <i>Russell 2000 Index</i> | | | 1.1% | 7.4% | 15.2% | 14.0% | 14.7% | 7.4% | 6.2% |
| Eagle Asset Management | \$41,670,765 | 4.2% | 0.4% | 7.4% | 15.8% | 9.8% | 14.1% | 6.5% | 9.1% |
| <i>Russell Mid-Cap Growth Index</i> | | | 1.0% | 7.2% | 14.9% | 10.8% | 15.3% | 6.8% | 8.5% |
| Sector Capital | \$5,629,882 | 0.6% | 0.9% | 6.1% | 10.5% | 5.9% | 8.6% | 1.1% | 6.1% |
| <i>S&P 500 Index</i> | | | 1.4% | 6.6% | 13.0% | 13.5% | 13.5% | 4.9% | 9.2% |
| Herndon Capital Management | \$34,012,829 | 3.4% | 0.7% | 6.0% | 10.2% | 7.6% | 13.2% | 6.2% | 7.0% |
| <i>S&P 500 Index</i> | | | 1.4% | 6.6% | 13.0% | 13.5% | 13.5% | 4.9% | 9.2% |
| Westfield | \$51,790,248 | 5.2% | 0.4% | 6.6% | 16.1% | 11.8% | 12.6% | 5.5% | 6.7% |
| <i>Russell 1000 Growth Index</i> | | | 1.2% | 5.6% | 10.6% | 9.6% | 13.8% | 6.4% | 9.8% |
| Total Equity Managers | \$356,664,288 | 35.5% | 0.6% | 7.6% | 16.6% | 12.6% | 12.9% | 5.1% | 9.5% |
| <i>Total Domestic Equity Composite Index</i> | | | 1.3% | 7.3% | 14.9% | 14.4% | 13.7% | 5.4% | |
| <i>FRC 3000 Index</i> | | | 1.3% | 6.9% | 13.8% | 13.6% | 13.8% | 5.4% | 10.0% |
| <u>International Strategies</u> | | | | | | | | | |
| OFI Emerging Markets | \$53,179,445 | 5.3% | -1.7% | 0.9% | 13.4% | 6.4% | 10.0% | 5.2% | 11.2% |
| <i>MSCI Emerging Markets Index</i> | | | -1.3% | 0.1% | 13.9% | 0.3% | 6.6% | 0.3% | 7.7% |
| Thornburg | \$118,507,295 | 11.8% | -2.2% | 2.3% | 14.5% | 6.1% | 7.8% | 0.4% | 7.7% |
| <i>MSCI World Ex US Index</i> | | | -1.0% | 3.9% | 18.1% | 8.7% | 6.7% | -1.2% | 4.4% |
| Total International Managers | \$171,686,740 | 17.1% | -2.1% | 1.9% | 14.2% | 6.0% | 8.3% | 1.4% | 4.9% |
| <i>Total International Equity Composite Index</i> | | | -1.1% | 2.9% | 17.0% | 6.6% | 6.5% | -0.8% | 4.7% |
| <i>MSCI World Ex US Index</i> | | | -1.0% | 3.9% | 18.1% | 8.7% | 6.7% | -1.2% | 3.8% |

Shelby County Retirement Defined Benefit Plan

Performance by Manager and Asset Class

| | Mkt. Value | % of Total MKT Value | Current Month | Calendar YTD | Fiscal YTD | Trailing 1 Year | Trailing 3 Year | Trailing 5 Year | Since Inception |
|---|----------------------|-------------------------|------------------|-----------------|---------------|--------------------|--------------------|--------------------|--------------------|
| <u>Fixed Income Strategies</u> | | | | | | | | | |
| NCM | \$45,974,924 | 4.6% | 0.9% | 0.3% | 4.2% | 6.8% | 7.6% | 7.7% | 6.8% |
| Barclays Govt/Credit Index (2) | | | 0.6% | -0.2% | 1.9% | 3.6% | 6.0% | 5.5% | 6.8% |
| In-House Securities | \$2,356,038 | 0.2% | -0.7% | 1.4% | 11.6% | 21.6% | 34.2% | -5.1% | 1.5% |
| Barclays Government Bond Index | | | 0.5% | -0.3% | 0.3% | 2.0% | 4.7% | 4.5% | 5.8% |
| SMH Capital | \$19,301,613 | 1.9% | 0.0% | 0.5% | 2.8% | 3.8% | 9.6% | 6.3% | 15.2% |
| Merrill Lynch High Yield Index | | | 0.5% | 1.8% | 9.9% | 11.8% | 11.7% | 10.9% | 18.0% |
| Creidt Suisse Floating Rate High Income | \$15,196,873 | 1.5% | 0.3% | 1.3% | 5.7% | 7.7% | 9.6% | 9.0% | 1.3% |
| CSFB Leveraged Loan Index | | | 0.4% | 1.5% | 6.3% | 8.1% | 6.5% | 6.1% | 1.5% |
| Brandywine | \$104,535,581 | 10.4% | -1.4% | -0.6% | 7.7% | 8.6% | 11.5% | 8.9% | 8.3% |
| Citigroup World Govt. Bond Index Unhedged | | | -1.2% | -2.5% | -1.3% | -1.4% | 3.4% | 3.5% | 4.5% |
| Ashmore Emerging Markets Debt Fund | \$41,954,364 | 4.2% | -0.4% | -1.0% | 7.1% | 8.8% | 10.2% | 6.7% | 7.8% |
| JPMorgan EMBI Global Diversified Index | | | -0.3% | -1.6% | 7.8% | 11.0% | 11.0% | 9.6% | 9.2% |
| Courage Credit Opportunities Offshore Fund II (8,11) | \$7,947,513 | 0.8% | 0.0% | 0.0% | 19.3% | 30.6% | N/A | N/A | 11.4% |
| HFRI ED: Distressed/Restructuring | | | 0.6% | 3.0% | 10.6% | 9.1% | 6.9% | 4.2% | 6.8% |
| GoldenTree Distressed Debt Fund, LP (8,11) | \$10,402,453 | 1.0% | 0.0% | 0.0% | 9.1% | 16.4% | N/A | N/A | 12.3% |
| HFRI ED: Distressed/Restructuring | | | 0.6% | 3.0% | 10.6% | 9.1% | 6.9% | 4.2% | 6.8% |
| Congruent Credit Strategies GP II, LLC (8,11) | \$7,487,512 | 0.7% | 0.0% | N/A | 4.8% | N/A | N/A | N/A | 11.5% |
| Medley Opportunity Fund II LP (8,11) | \$18,501,345 | 1.8% | 0.0% | N/A | 7.6% | N/A | N/A | N/A | 6.7% |
| Total Fixed Income Managers | \$273,658,215 | 27.3% | -0.4% | -0.2% | 7.1% | 8.8% | 10.4% | 8.2% | 7.3% |
| Total Fixed Income Composite Index | | | -0.4% | -0.9% | 3.1% | 4.0% | 6.5% | 7.2% | |
| Barclays Aggregate Bond Index | | | 0.5% | -0.2% | 1.6% | 3.1% | 5.5% | 5.5% | 7.1% |
| <u>Alternative Strategies</u> | | | | | | | | | |
| Acorn (12) | \$2,568,177 | 0.3% | 0.0% | 0.0% | 6.3% | 3.4% | 3.5% | 1.1% | 3.2% |
| Archstone Offshore | \$36,597,309 | 3.6% | 0.6% | 3.7% | 10.1% | 7.5% | 4.4% | 1.4% | 4.5% |
| GT Erisa | \$31,654,841 | 3.2% | 0.3% | 2.4% | 8.6% | 8.9% | 8.2% | 3.8% | 6.7% |
| Ironwood Partners | \$28,067,493 | 2.8% | 0.7% | 2.2% | 8.1% | 9.3% | 7.1% | 0.7% | 3.3% |
| Blue Elite (7) | \$2,599,645 | 0.3% | 0.0% | 2.9% | 8.5% | 7.6% | 4.3% | 0.6% | 3.0% |
| Total Alternative Investments | \$101,487,466 | 10.1% | 0.5% | 2.4% | 8.6% | 7.6% | 5.6% | 1.6% | 4.3% |
| HFR Fund of Funds Index | | | 0.2% | 2.4% | 6.2% | 3.8% | 2.3% | -1.0% | 2.4% |
| <u>Private Real Assets</u> | | | | | | | | | |
| JP Morgan Infrastructure Fund (8,11) | \$9,558,338 | 1.0% | 0.0% | 0.0% | 5.4% | 8.3% | 5.3% | -0.9% | 1.1% |
| MSCI World Infrastructure Index | | | -0.9% | 2.5% | 3.9% | 6.3% | 6.6% | -0.7% | -2.8% |
| Sustainable Woodlands Funds II, LP (8,11) | \$4,721,415 | 0.5% | 0.0% | 0.0% | 6.2% | 5.6% | -0.1% | N/A | 0.2% |
| RMK Select Timberland Fund II (8,11) | \$9,762,336 | 1.0% | 0.0% | 0.0% | 2.2% | -0.8% | -2.5% | -1.1% | -0.5% |
| NCREIF Timberland Index (4) | | | 1.9% | 7.9% | 6.7% | 7.9% | 3.1% | 2.7% | 4.9% |
| Total Private Real Asset Investments | \$24,042,089 | 2.4% | 0.0% | 0.0% | 4.3% | 4.0% | 0.7% | -0.8% | 1.0% |

Shelby County Retirement Defined Benefit Plan

Performance by Manager and Asset Class

| | Mkt. Value | % of Total MKT Value | Current Month | Calendar YTD | Fiscal YTD | Trailing 1 Year | Trailing 3 Year | Trailing 5 Year | Since Inception |
|--------------------------------------|--------------|-------------------------|------------------|-----------------|---------------|--------------------|--------------------|--------------------|--------------------|
| <u>Private Equity Strategies (5)</u> | | | | | | | | | |
| Delta Capital I | \$384,370 | 0.0% | N/A | N/A | N/A | N/A | N/A | N/A | -21.4% |
| Delta Capital II (11) | \$3,587,803 | 0.4% | N/A | N/A | N/A | N/A | N/A | N/A | -6.6% |
| SSM Partners IV, LP (9) | \$2,272,755 | 0.2% | N/A | N/A | N/A | N/A | N/A | N/A | -4.6% |
| Capital Point Partners II (9) | \$7,035,692 | 0.7% | N/A | N/A | N/A | N/A | N/A | N/A | 5.7% |
| MB Venture Capital (6) | \$1,935,100 | 0.2% | N/A | N/A | N/A | N/A | N/A | N/A | -0.9% |
| MB Venture Capital II (6) | \$9,538,859 | 1.0% | N/A | N/A | N/A | N/A | N/A | N/A | -5.5% |
| MB Venture Capital III (6) | \$1,982,821 | 0.2% | N/A | N/A | N/A | N/A | N/A | N/A | 42.6% |
| Pharos Capital (9) | \$11,592,243 | 1.2% | N/A | N/A | N/A | N/A | N/A | N/A | 13.8% |
| Pharos Capital III (10) | \$490,000 | 0.0% | N/A | N/A | N/A | N/A | N/A | N/A | 0.0% |
| Operating Cash (3,13) | \$37,008,965 | 3.7% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.3% | 3.7% |
| 91 Day Treasury Bill Index | | | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.3% | 3.7% |

(1) Comprised of market index proxies in the same ratio as the investment managers.

(2) LB Int GC Index from inception until 12/95; LB GC Index from 12/95 to date.

(3) Due to large periodic cash flows the returns shown are 90 day t-bills.

(4) The NCREIF Timberland Index is only available quarterly. Returns are through 12/31/12.

(5) Private Equity returns are calculated on an Internal Rate of Return methodology. The values are based on the most recent statement plus or minus contributions and distributions made since the last statement.

(6) Most recent statement as of 6/30/12.

(7) Niagara Elite was reclassified to the Blue Elite Fund, LP in May 2012.

(8) Time-Weighted Rate of Return (TWR) is shown for all periods except inception. The inception return is the Internal Rate of Return (IRR).

(9) Most recent statement as of 9/30/12.

(10) Market value is the sum of all capital calls.

(11) Most recent statement as of 12/31/12.

(12) Acorn is in liquidation.

(13) The Alternative Cash balance is included in the Operating Cash.

Shelby County Retirement Defined Benefit Plan
Monthly Portfolio Growth

(000's)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| January | \$744,751 | \$655,127 | \$792,654 | \$760,478 | \$894,610 | \$973,793 | \$975,161 | \$645,892 | \$831,659 | \$951,952 | \$916,958 | \$1,007,578 |
| February | \$740,059 | \$649,847 | \$805,970 | \$839,279 | \$867,538 | \$972,310 | \$975,621 | \$616,693 | \$842,505 | \$978,853 | \$944,497 | \$1,003,367 |
| March | \$754,943 | \$647,565 | \$804,407 | \$826,856 | \$905,235 | \$982,799 | \$960,775 | \$640,482 | \$874,937 | \$982,493 | \$949,440 | |
| April | \$749,248 | \$676,643 | \$786,098 | \$805,114 | \$919,159 | \$1,007,860 | \$994,400 | \$692,034 | \$890,903 | \$1,007,301 | \$944,912 | |
| May | \$739,825 | \$712,488 | \$787,469 | \$825,480 | \$896,155 | \$1,038,830 | \$1,016,386 | \$732,108 | \$845,486 | \$995,665 | \$893,647 | |
| June | \$697,253 | \$712,661 | \$800,906 | \$836,176 | \$895,914 | \$1,042,152 | \$965,314 | \$731,954 | \$821,681 | \$981,627 | \$915,987 | |
| July | \$657,867 | \$713,413 | \$780,513 | \$852,942 | \$886,533 | \$1,029,313 | \$944,001 | \$766,875 | \$855,447 | \$967,944 | \$919,751 | |
| August | \$664,459 | \$724,816 | \$779,052 | \$854,023 | \$901,373 | \$1,025,494 | \$937,941 | \$785,454 | \$838,204 | \$911,950 | \$933,515 | |
| September | \$636,342 | \$727,550 | \$753,610 | \$857,754 | \$910,508 | \$1,060,831 | \$845,132 | \$818,746 | \$890,599 | \$842,186 | \$954,053 | |
| October | \$642,535 | \$756,291 | \$796,703 | \$844,562 | \$939,122 | \$1,085,833 | \$700,309 | \$809,968 | \$910,765 | \$905,557 | \$954,485 | |
| November | \$674,807 | \$767,144 | \$822,008 | \$857,456 | \$959,490 | \$1,040,375 | \$655,581 | \$827,967 | \$905,440 | \$886,193 | \$958,652 | |
| December | \$659,350 | \$784,435 | \$844,278 | \$864,986 | \$966,236 | \$1,036,320 | \$670,488 | \$844,756 | \$946,148 | \$881,972 | \$976,968 | |